Ministry of Finance and Corporate Relations

Annual Report

January 1, 1986 to
March 31, 1987

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Honourable Mel Couvelier
Minister of Finance and
Corporate Relations

August 1, 1987

Honourable Robert Gordon Rogers
Lieutenant-Governor of the
Province of British Columbia

May It Please Your Honour:

I have the honour, sir, to submit the annual report of the Ministry of Finance and Corporate Relations for the period January 1, 1986 to March 31, 1987.

Yours sincerely,

Mel Couvelier
Minister

Philip G. Halkett
Deputy Minister of Finance and
Corporate Relations

August 1, 1987

Honourable Mel Couvelier
Minister of Finance and
Corporate Relations

Sir:

I have the honour to submit the annual report of the Ministry of Finance and Corporate Relations for the period January 1, 1986 to March 31, 1987. It includes the Purchasing Commission's annual report for 1986.

Yours sincerely,

P.G. Halkett

Philip G. Halkett
Deputy Minister

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Deputy Minister's Message

Those who have read this annual report in previous years will note two significant differences in this edition.

First, and following a reorganization of government in November, 1986, our name was changed to the Ministry of Finance and Corporate Relations.

Along with the change in name came some redefined responsibilities.

The Government Agents Branch was transferred to the Ministry of Provincial Secretary and Government Services.

Joining this ministry was the Liquor Distribution Branch, the Corporate, Central and Mobile Home Registries, the Superintendent of Financial Institutions, Corporate Investigations Branch, the newly-formed British Columbia Securities Commission and Policy and Legislation Branch.

Submissions for these additions to the ministry are included in the pages which follow. The organization chart on pages 14 and 15 reflects the structure of the ministry at the time of printing.*

Second, the reporting period for this edition covers 15 months—January 1, 1986 to March 31, 1987. The change was made to allow the ministry to report on a fiscal year in the future, rather than on the traditional calendar year.

Undoubtedly, from an internal perspective, the greatest challenge faced during the reporting period was the reorganization of government. A myriad of administrative and financial issues were resolved to facilitate a smooth transition for all concerned.

At the same time as the Premier of British Columbia announced the new organization for government, he set priorities in a number of public policy areas.

Priorities set for the Ministry of Finance and Corporate Relations included:

- development of financial institutions legislation;
- preparation of an action plan for the development of Vancouver as an international financial centre; and,

* Readers will note the Purchasing Commission does not appear. It was transferred to the Ministry of Economic Development after the end of the period covered by this report.

- launching and conducting a review of liquor licensing and liquor distribution policy.

Completing tasks associated with these priorities occupied a great deal of staff time near the end of the reporting period. All deadlines set by the Premier were expected to be met during the next reporting period.

From an external perspective, two highlights stand out.

The province took a major step toward realizing its economic and trade objectives through its international financial centre initiative.

British Columbia welcomed the federal government's designation of Vancouver—along with Montreal—as an international banking centre. A number of provincial initiatives to broaden the concept were launched during the reporting period and are described as part of Treasury Board Staff's submission on page 40.

Another noteworthy accomplishment was establishment of a Securities Commission for British Columbia. This new body—charged with responsibility to oversee regulation and development of the province's securities market—was created under the authority of a new Securities Act which took effect in February, 1987. Through the commission and under provisions of modernized securities legislation, British Columbia will continue to strengthen and build its unique venture capital market.

While I have been able to summarize only a few of the highlights of the past reporting period, I do wish to acknowledge the contribution of each and every staff member of the Ministry of Finance and Corporate Relations. The work of many contributes to individual successes. In a year that presented both organizational and program challenges, the efforts of all employees is particularly appreciated.

Philip G. Halkett
Deputy Minister

Mission and Values Statement

It is the mission of the Ministry of Finance and Corporate Relations to ensure:

- public monies are collected, managed and disbursed in the public interest; and,
- the provincial marketplace is fairly and effectively governed, is free from unnecessary regulation and has the confidence of all who use it.

Context

In the Government of British Columbia, responsibility for financial administration is shared by individual ministers, Treasury Board and the Minister of Finance and Corporate Relations.

Section 6(3) of the Financial Administration Act states:

"Each minister is responsible for the administration of the financial affairs of his ministry, under the general direction of the Minister of Finance and Corporate Relations and the Treasury Board."

Treasury Board is the executive management committee of Cabinet responsible for:

- the government's expenditure plan;
- the allocation of human and financial resources to government programs;
- personnel management; and,
- management practices of government.

The Minister of Finance and Corporate Relations is chairman of Treasury Board. The Deputy Minister of Finance and Corporate Relations is its secretary. Other members are appointed by Cabinet. While Treasury Board has broad financial responsibility, the Financial Administration Act and other statutes give the Minister of Finance and Corporate Relations specific responsibility for:

- preparing economic forecasts, developing tax and economic policy and the annual budget for the government;
- administering tax legislation and collecting and recording government revenue;

- purchasing goods and services and disposing of surplus Crown assets;
- acting as the government's fiscal agent with external financial institutions and as trustee for all public sector employer/employee pension fund contributions;
- issuing cheques and managing the consolidated revenue fund and the public debt;
- selecting, purchasing, pricing, distributing and selling all alcoholic beverages throughout the province;
- regulating British Columbia trust companies, credit unions and insurance companies as well as the provincial securities and real estate markets; and,
- providing incorporation and registration services for companies, credit unions, cooperatives, societies and personal property encumbrances.

In pursuit of its mission, the Ministry of Finance and Corporate Relations adheres to the values outlined below.

TO PROVIDE A FIRST-RATE SERVICE TO ALL MINISTRY CLIENTS, BE THEY CITIZENS, TAXPAYERS, ELECTED REPRESENTATIVES, BUSINESS OFFICIALS OR PUBLIC SERVANTS.

At all times staff deal with ministry clients in a courteous, friendly and helpful manner.

TO BE FAIR AND HONEST WITH MINISTRY CLIENTS.

Staff provide consistent access to ministry programs and services and treat clients and fellow staff in an honest and forthright manner.

TO EMPHASIZE QUALITY IN ALL MINISTRY WORK.

It is expected that quality be consistently maintained and work completed in a timely manner. Innovation is encouraged.

TO MAINTAIN A COMMITMENT TO RESULTS IN BOTH ROUTINE OPERATIONS AND SPECIAL PROJECTS.

It is the ministry's belief that it is the output or final product that counts, with appropriate attention to sound process.

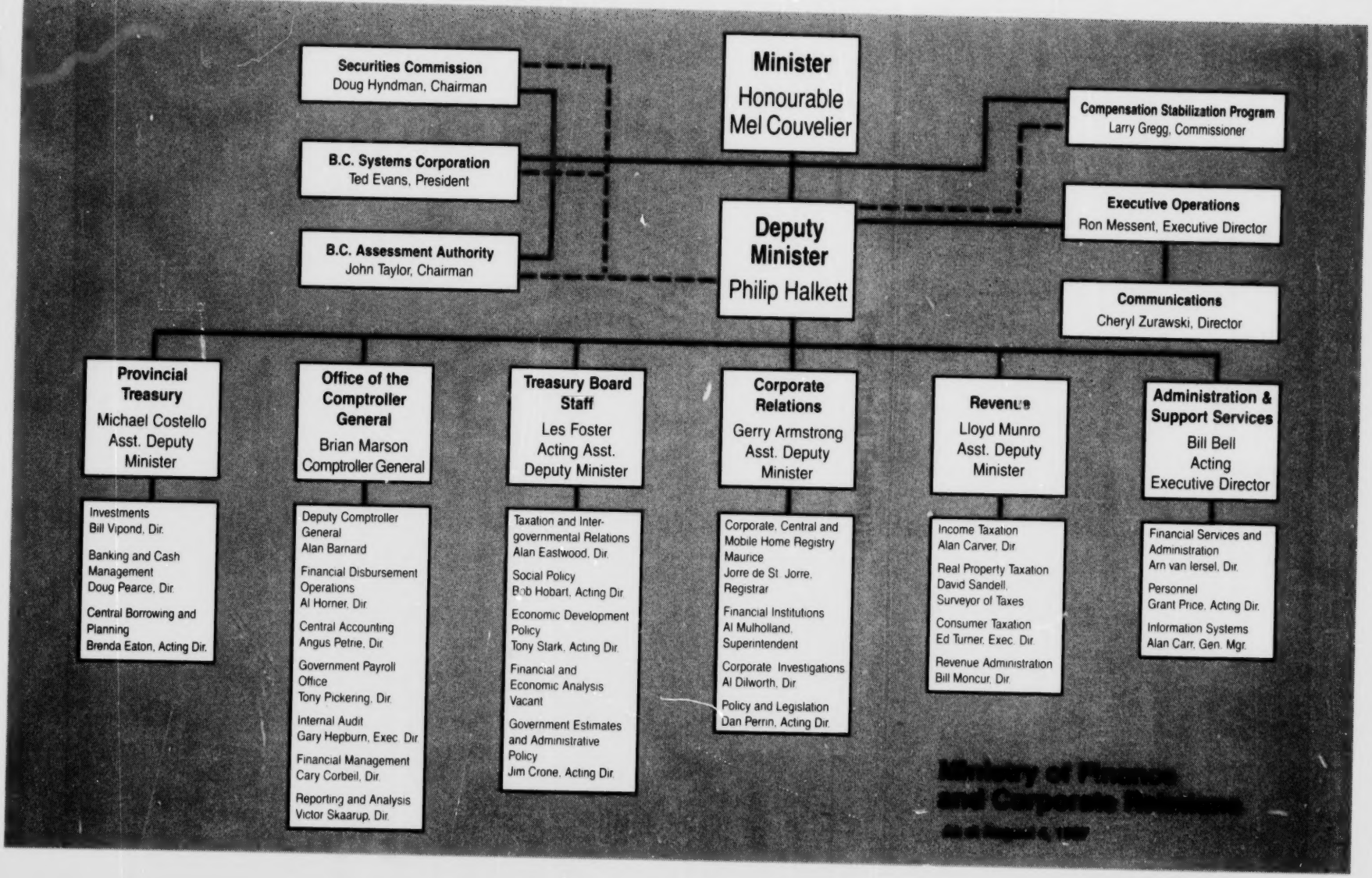
TO BE FRUGAL IN ALL MINISTRY OPERATIONS.

Given the ministry's mission and responsibility as a central agency of government, it seeks to achieve best value for money in the expenditure of resources.

TO ENCOURAGE STAFF PARTICIPATION IN MEETING THE CHALLENGES THAT FACE THE MINISTRY AND TO PROMOTE STAFF DEVELOPMENT.

It is recognized that the success of the ministry in attaining its objectives depends on the contribution of ministry staff. Managers have the responsibility to help staff develop on the job and to provide an environment that encourages staff to assist in achieving ministry objectives. Managers and staff have a mutual responsibility to ensure ministry objectives are achieved.

Ministry Organization


Securities Commission
Doug Hyndman, Chairman
B.C. Systems Corporation
Ted Evans, President
B.C. Assessment Authority
John Taylor, Chairman
Minister
Honourable
Mel Couvelier
Deputy
Minister
Philip Halkett
Compensation Stabilization Program
Larry Gregg, Commissioner
Executive Operations
Ron Messent, Executive Director
Communications
Cheryl Zurawski, Director
Provincial Treasury
Michael Costello
Asst. Deputy Minister
Investments
Bill Vipond, Dir.
Banking and Cash Management
Doug Pearce, Dir.
Central Borrowing and Planning
Brenda Eaton, Acting Dir.
Office of the Comptroller General
Brian Marson
Comptroller General
Deputy Comptroller General
Alan Barnard
Financial Disbursement Operations
Al Horner, Dir.
Central Accounting
Angus Petrie, Dir.
Government Payroll Office
Tony Pickering, Dir.
Internal Audit
Gary Hepburn, Exec. Dir.
Financial Management
Cary Corbeil, Dir.
Reporting and Analysis
Victor Skaarup, Dir.
Treasury Board Staff
Les Foster
Acting Asst.
Deputy Minister
Taxation and Inter-governmental Relations
Alan Eastwood, Dir.
Social Policy
Bob Hobart, Acting Dir.
Economic Development Policy
Tony Stark, Acting Dir.
Financial and Economic Analysis
Vacant
Government Estimates and Administrative Policy
Jim Crone, Acting Dir.
Corporate Relations
Gerry Armstrong
Asst. Deputy Minister
Corporate, Central and Mobile Home Registry
Maurice Jorre de St. Jorre, Registrar
Financial Institutions
Al Mulholland, Superintendent
Corporate Investigations
Al Dilworth, Dir.
Policy and Legislation
Dan Perrin, Acting Dir.
Revenue
Lloyd Munro
Asst. Deputy Minister
Income Taxation
Alan Carver, Dir.
Real Property Taxation
David Sandell, Surveyor of Taxes
Consumer Taxation
Ed Turner, Exec. Dir.
Revenue Administration
Bill Moncur, Dir.
Administration & Support Services
Bill Bell
Acting
Executive Director
Financial Services and Administration
Arn van Iersel, Dir.
Personnel
Grant Price, Acting Dir.
Information Systems
Alan Carr, Gen. Mgr.

Provincial Treasury

Provincial Treasury

Under the Financial Administration Act, Trustee Act, and various acts governing activity of Crown corporations and public sector pension funds, Provincial Treasury manages the province's major financial assets and liabilities and is responsible for non-budgetary financial activities, including management of pension and trust funds.

The division coordinates debt financing to meet the capital requirements of the province, its Crown corporations and agencies.

It also manages the province's cash flows and negotiates its bank services, maintains required records, registers securities issued by the Crown and provides safekeeping for all securities on deposit.

Provincial Treasury clients include the province, its Crown corporations and pension funds of provincial, municipal and educational employees.

Central Borrowing and Planning Branch

- recommend and implement the borrowing strategy for the provincial government and its corporations;
- manage the debt of the province and its corporations;
- coordinate, negotiate and complete public and private financings;
- operate the province's United States and Canadian short-term borrowing program;
- issue public bonds for private placements in Canada and abroad and raise funds through other specialized methods such as lease transactions;
- make representations on the province's behalf to United States and Canadian rating agencies;
- advise the Minister of Finance and Corporate Relations on fiscal agent responsibility for Crown corporations;
- represent the province in international financial markets;
- maintain a securities registration and transfer service;
- collect and deposit interest on trusteed funds and provide settlement and safekeeping services for trusteed fund investments;

- handle all interest payments and maintain a registration and transfer service on provincial debt issues;
- provide safekeeping service of securities posted for provincial licensing, contract and other purposes; and,
- record and report government and Crown corporation debt.

Investments and Administration Branch

- recommend investment strategies for the province;
- provide continuous market intelligence and research;
- execute investments with the assistance of professional money managers;
- invest and trade in money and bond markets on behalf of the province;
- conduct credit risk analysis of financial institutions as required;
- execute foreign exchange activities on behalf of the province and its Crown corporations;
- operate the province's weekly treasury bill auction;
- manage the province's market maintenance program to ensure British Columbia bonds trade at prices in the best interest of the province; and,
- handle all administrative and personnel matters for the division.

Banking and Cash Management Branch

- forecast, monitor and control the province's cash flow and bank accounts;
- distribute all government payments;
- administer the certificate of approval capital borrowing program which uses the borrowing power of the province to obtain interim financing for capital projects undertaken by local government bodies;

- negotiate the province's banking services contracts and assist in tendering banking services contracts for Crown corporations;

- reconcile certain of the province's major bank accounts and produce financial statements as required;

- record all revenues deposited to the Consolidated Revenue Fund and record cashed cheques for the majority of government expenditure programs;

- perform accounting and reporting functions for investment and borrowing transactions; and,

- prepare annual financial statements for British Columbia school and regional hospital districts, educational institutions and housing and employment development agencies.

Activity Measures

Activity	1985	1986/87*	Comments
Funds Under Investment Management	$13 billion	$14 billion	The number of full-time equivalents performing these activities increased from 63 to 63.5 during the reporting period.
Foreign Exchange Transactions	$1.1 billion	$1.7 billion	
Borrowing Program	$1.7 billion	$2 billion	
Debt Under Management	$16 billion	$17 billion	
Cash Flow Under Management **	$200 billion	$255 billion	
Electronic Funds Transfer - Number of Transactions - Value of Transactions	1.2 million	1.6 million $6.1 billion	Electronic funds transfer includes those to and from schools, colleges, universities, hospitals, municipalities, day care centres and a host of other government or government-related agencies, as well as that portion of the provincial government payroll made by direct deposit. In both reporting periods, one full-time equivalent administered electronic funds transfers.

* Covers period from January 1, 1986 - March 31, 1987.

** Cash flows under management include investment and other financing transactions involving the Consolidated Revenue Fund, inter-account funds transfers, as well as all provincial government revenue expenditure. Previous year's cash flow figures have been adjusted to reflect this new definition.

Pooled Investment Portfolio Funds

During the reporting period, Provincial Treasury established two pooled investment portfolio funds for the investment of monies for the province, its Crown corporations, government agencies, pension and trust funds.

Pooled investment portfolio funds are similar to mutual funds. Cash flows from a number of clients are pooled into one fund which is invested on behalf of these clients. Pooling of resources offers the potential for increased investment yields. Authorization for establishment of such funds was received in April, 1986 by order-in-council.

The two funds established to date are short-term funds.

Fund ST1: is a highly liquid portfolio of short-term investments designed for the investor with a temporary surplus of funds.

Fund value as at March 31, 1987 was $279 million.

Fund ST2: is a longer-term money market fund holding investments covering the spectrum of the money market.

Fund value as at March 31, 1987 was $527 million.

Investments in these two funds are valued daily at quoted market values to determine market values of units which can then be purchased and sold.

Investment reporting has been enhanced as a result of new information systems implemented with these funds. The rate of return on investments has also been improved through economies of scale realized in the purchase and sale of investment securities.

Debt Management

Provincial Treasury is responsible for implementing and administering the borrowing program of the province and its Crown corporations.

British Columbia enjoys the status of a highly-rated sovereign credit, enabling the government to borrow at favourable interest rates. This status has enabled the province to borrow funds not only in the Canadian capital market, but also in European, United States and Japanese markets.

During the reporting period, two debt management initiatives of particular interest were undertaken.

In October, 1986 Provincial Treasury developed an innovative offlending facility to assist B.C. Hydro in its debt restructuring program. By offlending, the provincial government is able to undertake direct borrowing for the purpose of reloaning proceeds to Crown corporations and agencies. Using this procedure, the advantages of short-term, floating rate debt were combined with features of a long-term debt issue considered essential to the debt restructuring program. This technique has saved B.C. Hydro $1.5 million per month from the time the issue was refinanced in August, 1986.

British Columbia also entered into its first "interest rate swap" financing transactions in 1986. These transactions involve converting fixed rate debt obligations into floating rate obligations. During the reporting period, three of these transactions were arranged to meet special needs of Provincial Treasury clients and to achieve significant cost savings over other forms of financing.

Improved Services to Government

Through a number of vehicles, Provincial Treasury improved its services to clients within the provincial government during the reporting period.

Electronic Payment Systems

In September, 1986 a microcomputer-based electronic payment system was introduced. This system, which electronically transfers funds between selected bank accounts, is used for cash management and borrowing transactions. Introduction of this system also provided an opportunity to reorganize the banking structure associated with these transactions. These enhancements have significantly reduced the volume of paper work, provided operating efficiencies and administrative savings.

Provincial Treasury also tested an electronic securities system during the reporting period. This system will permit staff to electronically issue settlement or payment instructions for provincial investments. Provincial Treasury plans to implement the system during the next reporting period.

Direct Deposit of Payroll

Provincial Treasury continued its efforts to promote the use of direct deposit for government payroll. Direct deposit permits electronic transfer of funds directly into employee's bank accounts. During the reporting period, approximately 60 per cent of all government employees received their pay by direct deposit.

Bank Tendering

Provincial Treasury continued to tender for banking services for government operations and to assist in bank tendering for Crown corporations.

During the reporting period, Provincial Treasury assisted five Crown corporations in the preparation and analysis of bank tenders, tendered banking services for 17 liquor stores and issued and paid agency functions for the province's U.S. commercial paper program. It is estimated that savings from these tenders will exceed $170,000 per year.

Office of the Comptroller General

Office of the Comptroller General

The Comptroller General is the province's chief accounting officer with broad statutory authority for maintaining the government's accounting system and the quality and integrity of financial management and control systems in government.

The Office of the Comptroller General assists Treasury Board in fulfilling its responsibilities under the Financial Administration Act. Under this act, the Comptroller General is responsible for:

- all matters relating to accounting and financial administration policies and practices;
- government payroll and payments systems;
- ensuring the proper collection and expenditure of public money;
- reporting, accounting and control systems of government;
- maintenance of central accounts;
- preparation of financial statements and Public Accounts; and,
- evaluation of accounting and financial management systems throughout the government.

Financial Disbursement Operations Branch

- verify and process payment vouchers submitted by ministries and produce most government cheques; and,
- control all transactions entered into the government's central financial system.

Government Payroll Office

- produce bi-weekly payroll for MLAs, ministers and government employees and provide related salary management and staff data.

Central Accounting Branch

- control and maintain the system of central accounts of government, record financial data in the system and issue financial reports to ministries;
- ensure accurate and timely reconciliation of certain major bank accounts of the province; and,
- operate a trust accounting system for custodial deposits and official administrators.

Reporting and Analysis Branch

- prepare financial reports required by statute including the Public Accounts of British Columbia, the Interim Financial Statement of the Comptroller General and a schedule of special warrants approved by Cabinet;
- prepare monthly financial reports for management;
- prepare annual Supply Acts for introduction by the Minister of Finance and Corporate Relations in the Legislative Assembly; and,
- advise ministries on accounting policy.

Financial Management Branch

- develop government financial management and control policies;
- make recommendations on financial legislation, related regulations and financial provisions of operating legislation;
- oversee ministry action in response to recommendations made by the Internal Audit Branch and the Auditor General;
- ensure integrity of government financial systems by establishing effective control standards and reviewing financial systems for compliance with Treasury Board policy;
- assist ministries in implementing Treasury Board financial management policies and procedures; and,
- develop and deliver financial management training for government personnel and assist ministries in providing training in areas specific to their needs.

Internal Audit Branch

- provide Treasury Board and deputy ministers with audits of internal controls, policies and practices and appraisals of impact on ministry operations;
- audit claims made by the province under federal-provincial cost-sharing agreements using either branch staff or private sector firms;
- conduct special investigations and audits in cases of suspected fraud, waste, error, irregularity or impropriety throughout government; and,
- administer process of appointment of external auditors of designated public bodies.

Activity Measures

Activity	1985	1986/87*	Comments
Production Cost per Government Payroll Cheque	$0.38	$0.34	Continued improvements to the payroll system in 1986/87 helped reduce production costs. Resolution of three employee contracts resulted in an increase in number of payment vouchers, including retroactive pay, processed. The number of full-time equivalents performing these activities was 20.5, a slight increase from last reporting period.
Payroll Vouchers Processed for Government	590,000	862,000	
Payment Vouchers Processed for Government	715,000	955,400	The number of full-time staff declined slightly from 37.3 in 1985 to 36.5 in this reporting period.
Number of Cheques Produced for Government	2.5 million	4.0 million	The increase in vouchers processed and cheques produced reflects the change in the ministry's reporting period and additional reporting of Guaranteed Available Income for Need (GAIN) cheques.
Training Days Delivered	3,295	3,231	Fewer specialized financial management workshops were delivered than in the previous reporting period. The Government Materiel and Contract Management Course was introduced in the fall of 1986. The number of full-time equivalents remained at 4.5 in 1986/87.
Audit Recommendations	382	686	Greater acceptance of audit recommendations made and better follow-up procedures account for increases in the number implemented.
Direct Internal Audit Hours Percentage of Total Hours	29,164 61 per cent	34,046 67 per cent	Increase in productivity of 6 per cent with the same level of staff (26 full-time equivalents).
Trust Account Balance Number of Trust Accounts	$83 million 15,111	$94 million 17,200	Four full-time equivalents managed trust accounts in both reporting periods.
Control of Revenue Received through Government Agents and Courts	$333 million	$312 million	Number of full-time equivalents performing this activity remained at 3.8.

* Covers period from January 1, 1986 to March 31, 1987.

Audit/Systems Implementation

The Internal Audit Branch of the Office of the Comptroller General conducts internal audits throughout government. The branch also coordinates and contracts cost claim audits on the federal government for annual recoveries of up to $1 billion.

Audits are conducted cyclically to provide Treasury Board and senior management with independent appraisals of efficiency and effectiveness of management practices, processes and controls. Audits and investigations are also conducted in response to requests and specific concerns of senior management. Recommendations are made to correct weaknesses, errors, waste, inefficiencies and improprieties discovered in the course of audits.

The program operated with 26 full-time equivalents and at a cost of approximately $1.2 million during the reporting period. Over 34,000 hours of direct audit time was expended in 1986 on 80 projects and assignments. These resulted in several hundred recommendations for improvements or corrective action.

Staff assisted the Ministry of the Attorney General in forming its own internal audit group. The total number of ministries with their own capacity to perform internal audits was five at the end of the reporting period.

A program of unannounced reviews was implemented this year to assist in achieving the regular audit requirements of Treasury Board policy and to provide a quick assessment of financial controls and compliance issues in field locations of various ministries. Ten reports, each for different ministries, were issued during the year. These reports included 146 recommendations for improved management and control.

Seven major government programs were the subject of regular audit reports during the reporting period. These reports included a total of 274 recommendations for improvements in various areas of management and financial control systems and practices.

Thirteen investigative or requested audit reports were issued covering a range of issues. Recommendations arising from these reports totalled 114. Reporting of results of these investigative audits is restricted.

Staff also coordinated the appointment of auditors for federal-provincial agreements. Nine reports were issued by these independent auditors and approximately 50 recommendations made for improved performance in administration, accounting and control.

Section 6.1 of the Financial Administration Act became effective during the reporting period. This section requires the Minister of Finance and Corporate Relations to approve the appointment of auditors of designated public bodies. Internal Audit Branch provides staff support to the minister in exercising this responsibility. Guidelines covering appointments have been developed and issued to designated public bodies. Five auditors were appointed by the minister under this provision during the reporting period.

In 1986/87, eight full-time equivalents in the audit and systems implementation section of the Financial Management Branch evaluated the adequacy of corrective action taken by ministries with respect to over 900 audit recommendations made by the Internal Audit Branch, the Auditor General and contract auditors.

These same staff were also responsible for establishing control standards for government financial systems and for evaluating and ensuring appropriateness of controls in financial systems under development. In this regard, approval for 49 systems in 14 ministries was granted during the reporting period.

Training and Development

In 1986/87, the Financial Management Branch coordinated development and publication of the General Management Operating Policy Manual, distributed to more than 1,300 managers throughout government. The manual documents government management practices and operating policy respecting contracts, vehicles, materiel, transportation and communications.

The branch also developed and delivered a new three-day Government Materiel and Contract Management Course. To date, more than 212 employees have participated.

Public Accounts and Reporting

The Reporting and Analysis Branch has made further progress in improving the readability and usefulness of the Public Accounts.

The Public Accounts contain the audited financial statements of the Government of British Columbia and other financial information required under various statutes to be tabled in the Legislature.

The Comptroller General prepares the Public Accounts in accordance with government accounting policies as established by Treasury Board. The Public Accounts are published in three volumes. In addition to the audited financial statements, a listing of payments to elected officials, employees, suppliers and grant recipients, financial statements of Crown corporations and agencies and the auditors' reports are included.

The format of financial statements in the Public Accounts was revised to improve presentation. Detailed information has been separated from the statements and presented in supplementary sections for ease of understanding.

As well, for the first time during the reporting period, a Public Accounts Digest was issued. The digest extracts significant summary information from the main Public Accounts. It presents major components of provincial revenue and expenditure—together with a brief overview of the government's financial process and reporting systems—in a simplified manner.

The digest also includes an explanation of how government financial activities are reported in each of the combined, consolidated and trust financial statements.

Treasury Board Staff

Treasury Board Staff

Treasury Board Staff analyses and provides advice to Treasury Board* and to the Minister of Finance and Corporate Relations on economic, fiscal, taxation, budget expenditure and management matters.

The division is organized into five branches which report to the deputy secretary of Treasury Board. Branches include: Government Estimates and Administrative Policy, Economic Development Policy, Social Policy, Financial and Economic Analysis and Taxation and Intergovernmental Relations.

Together these branches:

- develop the annual provincial budget and coordinate allocation of financial resources among ministries;
- make recommendations on provincial economic, fiscal and taxation policies;
- monitor and forecast provincial economic conditions and the government's financial position;
- recommend timely implementation of economic and fiscal policies;
- analyze and make recommendations on federal/provincial and provincial/local financial relations; and,
- advise on existing and proposed ministry programs and on the management of government resources.

Government Estimates and Administrative Policy Branch

- develop management policies for government to promote economy, efficiency and effectiveness in administration and information systems management;
- coordinate preparation of budget briefing material for Cabinet and Treasury Board and prepare the provincial budget Estimates and Supplement to the Estimates; and,
- analyze and evaluate budget, expenditure, policy, financial and program matters for ministries and Crown corporations which provide services within government and other special offices.

* A committee of Cabinet responsible for budgetary and management matters.

Economic Development Policy Branch

- analyze and evaluate budget, expenditure, policy, financial and program matters for ministries and Crown corporations with economic development mandates;
- review major revenue-generating ministries to evaluate performance on criteria of policy, efficiency and control; and,
- analyze economic development issues and provide briefing notes and policy recommendations to the Minister of Finance and Corporate Relations and Treasury Board.

Social Policy Branch

- analyze and evaluate budget, expenditure, policy, financial and program matters for ministries and agencies with social services mandates;
- develop budgeting instructions for capital projects and analyze ministry requests for capital funding; and,
- analyze social policy issues and provide the Minister of Finance and Corporate Relations and Treasury Board with briefing material and policy recommendations.

Financial And Economic Analysis Branch

- prepare provincial revenue estimates, fiscal forecasts and economic forecasts;
- analyze the impact of events on the provincial economy;
- monitor ministry revenue collection policies and activities and make recommendations for improvement; and,
- prepare internal monthly financial and economic reports, external publications such as the Quarterly Financial Report and Financial and Economic Review and information for inclusion in the provincial Budget Speech.

Taxation and Intergovernmental Relations Branch

- develop provincial taxation policy to meet goals of equity and consistency, to promote economic development and to ensure adequacy of revenue;
- analyze federal-provincial and provincial-local financial relationships and policies; and,
- review and analyze federal policy changes and proposals to determine impacts on the government and provincial economy.

Activity Measures

Activity	1985	1986/87*	Comments
Treasury Board Submissions Received and Processed	298	535	During 1985, Treasury Board Staff operated with 58.79 full-time equivalents. In 1986/87 TBS assumed responsibility for controlling information systems expenditures from British Columbia Systems Corporation and operated with 61.36 full-time equivalents.

* Covers period from January 1, 1986 to March 31, 1987.

Vancouver as an International Financial Centre

In the 1986 provincial budget, the then Minister of Finance announced British Columbia's intention to develop Vancouver as an International Financial Centre (IFC).

The announcement and initiative was prompted by the realization that financial and business services represent a major economic opportunity for British Columbia.

As the minister stated at the time:

> "Our commercial and cultural links to the Asia-Pacific region and our position as a gateway to North America make Vancouver a natural location for an international, commercial and financial centre."

Consultation with leaders of the financial community revealed great interest in pursuing the concept. The Government of Canada had also announced its intention to assist in establishment of an international banking centre in Vancouver, as well as in Montreal.

Throughout the summer of 1986 and into the fall, federal and provincial officials discussed the concept, the services which might be offered and technical, legal, administrative and jurisdictional issues surrounding establishment of an IFC in Vancouver.

On September 22, 1986 the Premier and then Minister of Finance, the Honourable Bill Vander Zalm, created an independent agency to promote and provide business input in support of the IFC.

The role of the agency—called IFC Vancouver—was to promote the initiative throughout the world and to provide a focus for British Columbia's business community to become involved in its development.

As well, British Columbia co-sponsored a conference with the Financial Post in November, 1986. This event, held in Vancouver, increased awareness of business leaders, academics and government officials about the potential for increasing international activity and the economic well-being of the province and country through international financial centres.

Towards the end of December, the federal and British Columbia governments signed a memorandum of understanding which recognized a broader opportunity for the economic development of British Columbia through a Pacific Centre for Trade, Commerce and Travel. Six million dollars has been committed by the two governments for a three-year project to plan, research and conduct pilot projects to build on British Columbia's potential in the following service areas: business and financial services, transportation services and travel and tourism.

Proposed federal legislation in support of international banking was developed and released on January 28, 1987 in the form of a notice of ways and means motion.

This motion would amend the federal Income Tax Act to allow banks in Canada to provide loans to, and accept deposits of, non-residents — free from income tax. British Columbia welcomed the federal announcement as a positive first step.

Before the end of the reporting period, the Honourable Mel Couvelier, British Columbia's new Minister of Finance and Corporate Relations, announced the government's intent to proceed with provincial legislation to encourage international financial business.

In his March 19, 1987, budget speech, the minister stated: "we will provide... tax incentives, but will also allow certain institutions to incorporate subsidiaries empowered to conduct international financial business."

This provincial legislation was not to be brought into force pending comment from the financial industry. Specifically, the business community in Vancouver was asked to more clearly define how provincial and federal governments could help advance the initiative, to demonstrate that provincial measures could be effective and to lead an effort to obtain an extension of the proposed federal legislation.

Information Systems Management Framework—Implementation

At the beginning of 1986, policy and control functions for information systems in government were transferred from B.C. Systems Corporation to Treasury Board Staff (TBS). A small section was created within TBS to develop policy, implement a planning process, evaluate budget proposals and Treasury Board submissions and monitor expenditures related to information systems.

In July of that year, Treasury Board approved a policy framework for managing government information systems. The Information Systems Management Framework (ISMF) defines the roles of ministries and central agencies in planning, acquiring, developing, operating, ensuring security of and auditing information systems.

Major initiatives undertaken in the reporting period related to the new policy are outlined below.

Information Systems Plans

All ministries are now required to include a plan for information systems use as part of their budget-building process. Plans relate current and proposed information systems use to each ministry's strategic objectives and program priorities.

As a result of presentation of these plans, appropriate funding levels for 1986/87 and 1987/88 fiscal years were recommended by Treasury Board Staff.

Staff Awareness

Presentations on the ISMF were made to information systems branch directors, executive financial officers and senior financial officers in various ministries and government agencies, as well as to B.C. Systems Corporation executives, other government employees and private sector firms and individuals.

Technical Standards and Evaluation

To assist ministries in defining internal information systems plans, a set of technical standards defining government-wide requirements for hardware, software and network services were developed and circulated.

Within TBS, more effective methodology for measuring benefits and costs of information systems proposals, as well as criteria to be used to evaluate related projects, hardware acquisitions and contracts, were developed.

This was supported by a format and schedule for completion of post-implementation reviews of information systems to identify actual against estimated costs and benefits realized.

An automated system was also devised through the Purchasing Commission to monitor information systems expenditures in relation to approved plans.

Security

A security index, developed in conjunction with the B.C. Systems Corporation, now monitors security violations against information systems in government.

Corporate Relations

Corporate Relations

Corporate Relations administers legislation governing financial, commercial and investment activities.

It regulates aspects of insurance and real estate markets, trust companies and credit unions as well as providing incorporation and registration services to corporations, societies and cooperative associations.

Corporate Relations monitors and enforces compliance with regulations and advises the government with respect to corporate and financial institutions policy. The division aims to both encourage investment and to maintain investor confidence through safe and orderly markets.

Corporate Registry

- create and maintain complete corporate files on all British Columbia and extraprovincial companies, societies, cooperatives, trust companies, partnerships, library associations, private act companies, railroad and tramway companies; and,

- provide current information from all files to law enforcement agencies, government ministries and agencies, legal and accounting professions, financial institutions and the public.

Central Registry

- examine and register all encumbrances against personal property filed pursuant to the Chattel Mortgage Act, Sale of Goods on Condition Act, Book Accounts Assignment Act and Repairers Lien Act; and,

- provide information to financial institutions and the public on the above registered documents.

Mobile Home Registry

- initially register all mobile homes, transfers of ownership, security interests and discharges and authorize issuance of transport permits under the Mobile Home Act.

Financial Institutions - Real Estate

- maintain current registration details on all mortgage brokers, renew and reissue registrations where appropriate, conduct reviews of financial statements and perform inspections;

- oversee activities of the Real Estate Council of British Columbia, monitor and review all disciplinary hearings and decisions of the Council and review all submissions of financial statements from licensees; and,

- oversee operations of and assist condominium associations, accept and approve strata plans in preparation for filing with Land Title Offices, review and comment on by-law changes submitted by developers and respond to industry complaints and requests for information or assistance.

Financial Institutions - Trust and Insurance Companies

- register and/or license trust and insurance companies operating in the province;

- license insurance agents and salesmen and oversee any disciplinary measures taken against them;

- inspect trust companies, insurance companies and agencies to monitor financial stability and to discourage fraudulent activities;

- provide information to companies, agencies and the public in response to inquiries, complaints and problems;

- maintain contact with regulators in other provinces to encourage uniformity in legislation and operations across the country; and,

- recommend changes and amendments to the Trust Company Act and Insurance Act as necessary.

Financial Institutions - Credit Unions and Cooperatives

- incorporate all credit unions;

- work closely with the British Columbia Central Credit Union and the Credit Union Deposit Insurance Corporation (CUDIC) on matters respecting credit unions;

- work with the credit union system and CUDIC to enhance coordinated early warning and financial monitoring of credit unions;

- assist cooperatives and credit unions in their dealings with other government ministries; inspect any credit union, not currently under the supervision of CUDIC, at least once a year;

- examine all credit union books and records to ensure compliance with the act and place any credit union not operating in a financially sound manner under the supervision of CUDIC;

- approve cooperatives for incorporation and receive annual filings of financial statements, changes to the rules, changes in directorships and other statistics; and,

- administer and recommend changes to the Credit Union Act and Cooperative Association Act.

Corporate Investigations Branch

- direct a preventive detection and enforcement program for Corporate Relations and the Securities Commission to ensure the protection of the investment community and the public;

- analyze the nature and frequency of violations to identify trends or potential problem areas and make recommendations on legislative amendments and policy changes; and,

- liaise with police, regulatory and self-governing bodies locally, provincially and internationally to promote exchange of information on industry trends, regulation and policy changes.

Policy and Legislation Branch

- provide advice and recommendations regarding all aspects of corporate policy, including policies affecting companies, societies, cooperatives, encumbrances, the trust, insurance and real estate industries, credit unions and all aspects of financial markets;

- coordinate with other branches to implement corporate policy decisions, including drafts of legislation, regulation and development of administrative policies;

- liaise with the Securities Commission on the development and implementation of securities policy, especially as it affects other financial institutions.

Activity Measures

Activity	Fiscal 1984/85	Fiscal 1985/86	1986/87*	Comments
Corporate Registry				
B.C. Companies	14,065	16,180	21,675	In 1985/86, the Corporate, Central and Mobile Home Registry employed a total of 154 full-time equivalents, 103 allocated to the Corporate Registry, 31 to the Central Registry and 29 to the Mobile Home Registry. During the current reporting period a total of 150.8 full-time equivalents were funded, 104.8 allocated to the Corporate Registry, 31 to the Central Registry and 15 to the Mobile Home Registry.
Extra-Provincial Companies	1,230	1,283	1,732	
Trust Companies	4	7	5	
Partnerships	6,940	8,175	11,142	
Cooperatives	53	34	52	
Societies	1,019	1,052	1,420	
Change of Name (Companies)	3,646	4,108	5,553	
Change of Name (Societies)	123	105	137	
Amalgamations	294	336	422	
Continuations-36 (into province)	147	129	142	
Continuations-37 (out of province)	132	111	179	
Roll-overs	852	346	435	
Dissolutions				
- Companies	30,999	31,914	17,583	
- Societies	132	42	2,936	
- Partnerships	385	507	752	
Restorations				
- Companies	213	430	865	
Encumbrances	67,642	73,887	94,582	
Filings	255,296	259,797	328,852	
Miscellaneous				
- Certificates of Good Standing	4,889	4,743	6,497	
- Certified Copies	5,573	5,197	30,641	
- Changes of Purposes (Societies)	184	169	239	
Searches				
- Companies	233,036	284,110	414,212	
- Central	315,005	329,568	423,502	
Central Registry				
Documents Registered under the Chattel Mortgage Act, Sale of Goods on Condition Act, Book Accounts Assignment Act	363,408	400,607	541,642	
Mobile Home Registry				
- Transfer of Ownership	10,780	9,642	9,178	
- Searches	19,094	19,230	18,344	
- Copies of Documents	19,383	17,196	7,929	

* Covers period from January 1, 1986 to March 31, 1987.

Activity	At January 1, 1986	At March 31, 1987	Comments
Trust Companies			
- Trust companies registered in British Columbia	66	63	As at January, 1986, 8 full-time equivalents were involved in branch activities, 4 in trust companies and 4 in insurance companies. In February, 1987, one contract employee was added for insurance company workload.
- Number of branch inspections	51	45	
- Accounting reviews	46	54	
Insurance			
- British Columbia Insurers	8	8	
- All other licensed insurers	371	367	
- Insurance agencies	1,194	1,127	
- Insurance salesmen	7,512	8,428	
- Insurance adjusters	391	428	
Examinations and Inspections of Insurers			British Columbia incorporated insurers were previously inspected every three years. Effective March, 1987 inspections are performed annually.
- Number of full inspections	N/A	3	
- Number of examinations	2	2	
- Number of accounting reviews	N/A	18	
Real Estate			
- Real estate salespersons	7,798	8,600	Number of licensees remained reasonably constant. A slight increase is forecast for the next reporting period.
- Real estate agents	2,495	2,533	
- Mortgage brokers	168	136	
- Sub-mortgage brokers	342	322	
- Strata plans	419	581	
- Prospectus and plans	176	151	

Activity	At January 1, 1986	At March 31, 1987	Comments
Credit Unions			
- Number of credit unions	129	125	Number of full-time equivalents in branch: 12 at January, 1986, 14 at March 31, 1987. Increase of 2 credit union inspectors.
- Total assets	$ 6.2 billion	$ 6.7 billion	
- Member's deposits	$ 5.9 billion	$ 6.4 billion	
- Equity shares and retained earnings	$ 99.2 million	$ 100 million	
- Number of members	975,000	977,135	
- Number of credit unions under supervision	26	27	
- Total assets under supervision	$ 1,533 million	$ 1,934 million	
- Fee income			
• Credit union inspections	$ 626,301	$ 655,578	Annual fees.
• Filing and miscellaneous	$ 22,818	$17,637	
- Credit union examinations	134	152	

Activity	Number of Cooperatives January 1, 1986	Incorporations January 1, 1986-March31, 1987	Dissolutions January 1, 1986-March31, 1987	Number of Cooperatives March 31, 1987	Comments
Cooperatives					
- Housing	247	27	9	265	The number of full-time equivalents was 3 at March 31, 1987.
- Consumer	131	2	24	109	
- Producer	72	1	7	66	
- Service	52	6	7	51	
- Workers	24	6	2	28	
- Other	18	0	3	15	
- Community	17	0	2	15	
- Manufacturing	6	3	2	7	
- Extra-Provincial	15	2	0	17	
Total	582	47	56	573	

Activity	Fiscal 1985/86	Fiscal 1986/87*
Corporate Investigations		
- Files investigated	2,396	3,732
- Prosecutions	20	19
- Orders and Search	64	77

* Covers period from January 1, 1986 to March 31, 1987.

Programs and Initiatives

Reorganization

Two significant organizational changes affected Corporate Relations branches that have responsibility for regulating financial institutions.

In April, 1986, the Superintendent of Credit Unions, Cooperatives and Trust Companies (then within the former Ministry of Consumer and Corporate Affairs) assumed responsibilities of the Superintendent of Insurance. This organizational change was intended to bring regulation of various types of financial institutions within the mandate of a single administrator with a new title, the Superintendent of Financial Institutions.

Then, in February, 1987, just over two months after Corporate and Financial Relations programs of the former Ministry of Consumer and Corporate Affairs became part of the Ministry of Finance and Corporate Relations, a further change in responsibilities affected the superintendent's mandate.

Regulatory responsibilities for real estate and mortgage brokers transferred from the Superintendent of Brokers to the Superintendent of Financial Institutions.

"Perspectives for Growth in British Columbia's Financial Sector"

"Perspectives for Growth in British Columbia's Financial Sector", a discussion paper on the future of financial institutions, was released to the public, financial institutions, business, consumer and professional groups on October 6, 1986.

The purpose of the discussion paper was to provide an opportunity for public discussion and comment on relevant issues in preparation for a major revision of British Columbia financial institutions legislation. The paper outlined three objectives set by government for the revised legislation:

- to ensure British Columbia financial institutions maintain and increase their share of markets in British Columbia and elsewhere;
- to increase the potential for Vancouver to develop as an international financial centre; and,
- to ensure there is a safe, flexible and progressive regulatory environment and that confidence of consumers, savers and investors is maintained.

The discussion paper raised a number of questions about how financial institutions should be regulated and what steps could be taken to enhance the contribution of financial institutions to economic development in the province.

When the Honourable Mel Couvelier was appointed Minister of Finance and Corporate Relations in November, 1986, the ministry was assigned, as a priority, the task of preparing new financial institutions legislation. The consultation process, launched with the discussion paper, was accelerated.

As a result, the minister announced in his March 19, 1987 budget speech an ambitious legislative agenda with respect to financial institutions.

A completely new Trust Company Act would be exposed for public discussion and extensive amendments to the Insurance Act were planned for introduction in the Legislature. The intention to release a white paper dealing with issues related to the credit union movement was also announced.

As well, the minister stated British Columbia would become the first Canadian jurisdiction to encourage establishment and regulation of captive insurance companies through an appropriately balanced regulatory regime which is less restrictive than that imposed on other insurance companies. Captive insurers are companies owned by an industry or trade association, or a single corporation or corporate group. They insure only their owners, not third parties or the general public.

Finally, the minister announced that legislation would be introduced to encourage international financial activity in Vancouver. However, in the budget speech, it was made clear that this legislation would not be passed and brought into force until those who would use the legislation demonstrated that it would be effective.

Insurance Compensation Plans

During the reporting period, the Legislature amended British Columbia's Insurance Act to permit provincial participation in national insurance compensation plans.

The impetus among regulators and insurance companies to support development of these innovative plans stemmed from financial difficulties of customers who suffered losses when their insurance companies failed. None of these were a British Columbia company, yet provincial participation in the customer's interest was considered prudent should such a failure, or a failure of a national company which insured British Columbians, occur.

When fully operational, the plan will compensate customers for losses up to $200,000. Amendments to the provincial Insurance Act were passed to:

- require all insurers operating in British Columbia to become signators to the compensation plan;

- allow the Superintendent of Insurance to suspend or revoke a licence when an insurer does not conform to requirements of membership or fails to pay an assessment or levy to a designated compensation plan;

- give public notice to a suspension or revocation of a licence and allow disposition of funds held on deposit; and,

- allow separate plans for different classes of insurance to be designated.

British Columbia was the first Canadian province to pave the way for participation in the plan. Proclamation of enabling legislation and creation of the plans is expected during the next reporting period.

Corporate, Central and Mobile Home Registries

The registries store a wealth of information about business life in British Columbia. Recording of this information is required under a variety of statutes both to help protect the consumer who may deal with a corporation and to facilitate business transactions among corporations or between corporations and individuals.

In order to continue to upgrade the level of service provided to its clients—law firms, financial institutions, chartered accountants, notaries, law enforcement and other government agencies, regulatory bodies and the general public—a number of initiatives were undertaken by the Corporate, Central and Mobile Home Registries during the reporting period.

Details are provided below.

Revenue Dependency Project

Historically, the Corporate, Central and Mobile Home Registries have experienced erratic demand for service. In order to ensure flexible staff levels in peak periods, the ministry entered into an agreement in February, 1986 with Treasury Board Staff. This agreement set out a formula to allow hiring of additional staff in periods of heavy workload.

Remote Data Access

Remote terminal access is offered to the public, members of the legal profession, law enforcement agencies, financial institutions and government ministries for direct access to corporate search and lien search information.

Accessing registry services through in-house terminals is more convenient for large volume users and users in rural or remote areas.

During the reporting period, the registries actively promoted use of remote terminals. Training for new remote access users was also offered.

Technology Improvements

During the reporting period, the registries streamlined procedures for quicker turn-around filing and developed computer enhancement programs.

Work also began on re-writing the Corporate Registry's eight-year-old computer data base system both to improve service and decrease operating costs.

A project to convert the Central Registry to an on-line computer system continued. Within a year, all Central Registry documents, formerly accessed manually, will be stored on a computer system. This technological improvement will reduce search time.

Revenue Division

Revenue Division

The Revenue Division administers the province's major taxation legislation and ensures provisions of this legislation are fairly and consistently applied.

Income Taxation Branch

- administer the Income Tax Act, Corporation Capital Tax Act, Logging Tax Act, Mining Tax Act, Insurance Premium Tax Act, Part IV of the Fire Services Act and the Property Purchase Tax Act which took effect March 23, 1987; and,

- assist Revenue Canada with compliance and provision of information as required under the Income Tax Act (Canada). (Under a tax collection agreement, the federal government collects personal and corporate income taxes on behalf of the Government of British Columbia.)

Consumer Taxation Branch

- administer the Social Service Tax Act, Hotel Room Tax Act, Tobacco Tax Act, Motor Fuel Tax Act and Horse Racing Tax Act through 14 district offices. These offices are located in Victoria, Penticton, Vancouver, Kamloops, Williams Lake, Cranbrook, Prince George, Dawson Creek, Terrace*, Nanaimo, Nelson, Campbell River, Vernon and Chilliwack; and,

- ensure compliance with legislation by registering businesses which collect taxes on behalf of the province, conducting field audits and inspections of these businesses' tax collection records and carrying out office audit and collection programs.

Revenue Administration Branch

- provide tax administration, accounting and collection services for the division; and,

- provide the division with office support systems and services.

Real Property Taxation Branch

- administer annual and supplementary tax billings, apply special levies and prepare Crown corporation tax rolls on taxable real property lying outside incorporated municipalities under the Taxation (Rural Area) Act;

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* Previously located in Prince Rupert.

- levy taxes on rural property under 20 statutes including the Education (Interim) Finance Act and the Municipal Act;

- provide tax billing and accounts receivable services to municipalities for non-residential school taxes which they levy and pay to the province under the Education (Interim) Finance Act (prior to March 16, 1987 Revenue Administration Branch was responsible for these services);

- administer approval of home owner grant applications in rural areas and manage the land tax deferment programs for applicants throughout the province. The home owner grant program provides taxpayers, who own residential property and who occupy it as their principal residence, with a maximum annual grant of $380. In certain cases, (for example, age or permanent physical disability) a taxpayer may also qualify for an additional home owner grant of up to $250;

- collect delinquent taxes due and payable under taxation statutes; and,

- provide tax advice on the property tax levy, business rules and procedures of payment, home owner grant eligibility, compliance rules, status of accounts receivable and tax deferment procedures.

Activity Measures

Activity	1984	1985	1986/87*	Comments
Consumer Taxation				
- Number of Registered Accounts				The number of Consumer Taxation Branch full-time equivalents increased from 158 at year end 1985 to 170 at March 31, 1987.
Social Service Tax Act	70,939	71,624	72,045	
Hotel Room Tax Act	1,990	2,008	2,031	
Tobacco Tax Act	73	74	73	
Motor Fuel Tax Act	2,352	2,479	2,604	
- Number of Audits Conducted	3,414	3,208	3,340	
Total Audit Recovery	**$ 23,824,223**	**$ 22,367,213**	**$23,055,454****	
Income Taxation				
- Number of Audits Conducted	6,807	8,900	6,433	The number of Income Taxation Branch full-time equivalents declined from 19 at year end 1985 to 16
Total Audit Recovery	**$ 7,527,002**	**$ 9,559,621**	**$ 7,440,000****	

* Covers period from January 1, 1986 to March 31, 1987.

** These figures reflect a diversion of staff to assist during Expo 86.

Consumer Taxation Information

Activity	1984	1985	1986/87*
Taxes Paid			
Consumer Tax	$ 1,947 million	$ 2,094 million	$ 2,752 million
Income Tax	$ 123 million	$ 125 million	$ 169 million
Real Property	$ 290 million	$ 273 million	$ 266 million
Municipal Non-residential School Tax	$ 498 million	$ 453 million	$ 385 million
Total	**$ 2,858 million**	**$ 2,945 million**	**$ 3,572 million**
Tax Returns and Payments**			
Number Received and Processed	1,142,700	1,181,000	1,294,000
Collection Activities			
Payments Collected			
- Value	$ 33.7 million	$ 36.7 million	$ 49.1 million
- Number of Accounts Under Collection (average)	36,477	35,612	41,651
- Value	$ 48.2 million	$ 56.9 million	$ 59.9 million
- Number	13,083	12,003	10,380

* Covers period from January 1, 1986 to March 31, 1987.

** The number of full-time equivalents managing and handling returns and collections as at March 31, 1987 was 76.

Rural Property Taxation Information

Year	No. of Rural Tax Accounts	Total Rural Property Taxes Collected	Total School Taxes Collected	Local Government Taxes Collected	Other Taxes Collected
1981	285,000	$29.2 million	$197.3 million	$38.9 million	$2.5 million
1982	294,000	$36.1 million	$230.4 million	$47.1 million	$2.7 million
1983	301,000	$32.6 million	$231.8 million	$50.8 million	$2.7 million
1984	304,000	$34.0 million	$227.1 million	$54.9 million	$2.9 million
1985	306,750	$38.1 million	$215.2 million	$57.2 million	$3.0 million
1986/87*	320,840	$36.7 million	$207.1 million	$62.4 million	$4.4 million

Note: The number of full-time equivalents dedicated to managing accounts and collecting taxes was 20 at March 31, 1987. Local government taxes include those for improvement districts, regional districts, hospital districts, library districts and similar levies.

Home Owner Grants in Rural Areas

Year	Applications	Total Grants Approved
1981	85,590	$ 33,900,000
1982	85,956	$ 34,493,000
1983	84,967	$ 36,261,000
1984	111,335	$ 37,248,000
1985	113,000	$ 37,500,000
1986/87*	120,326	$ 38,765,000

The land tax deferment program is administered under the Land Tax Deferment Act (1974). The program allows eligible taxpayers (65 or over, a widow or widower, or a handicapped person as defined in the Guaranteed Available Income for Need Act) in both rural and municipal areas to defer payment of property taxes. For the 15-month period ending March 31, 1987, the administrative cost of the program was $ 54,700 with property taxes of $2,860,000 being deferred. By the end of the year there were 2,695 agreements in effect with accounts receivable of $16,430,000. Costs are recovered from simple interest charges applied to deferred property taxes when deferral agreements are paid out.

* Covers period from January 1, 1986 to March 31, 1987.

Federal Sales Tax Recovery Project

Effective April 1, 1983, British Columbia joined seven other provinces as a signator to a reciprocal taxation agreement with the Government of Canada.

Under this agreement, the provincial government pays federal sales tax on purchases made for use by the province. The federal government, in turn, pays provincial consumption taxes on purchases made for its own use. (Prior to April 1, 1983, British Columbia was exempt from federal sales tax and Canada was exempt from provincial consumption taxes.)

The data base and procedures for determining the payment of taxes by the Government of Canada are carefully monitored through regular audits. Through this audit program, the original data base has been expanded, resulting in increased payments to the province for all years during which the agreement is in effect.

During the reporting period, a project was also begun to review purchases made by the province to ensure no overpayments of federal sales tax were made. Initial test studies indicated some savings might accrue to British Columbia through recovery of overpaid amounts. The project was scheduled to continue into the next reporting period.

Expo 86 Compliance Unit

To carry out responsibilities of the Revenue Division to collect taxes at Expo 86, an Expo Compliance Unit was formed.

Staff from the ministry's Income Taxation Branch, the Consumer Taxation Branch, the Revenue Administration Branch and the Information Systems Branch joined to form the unit.

Staff of the unit contacted vendors at Expo 86 to provide information, audited vendors on-site, collected taxes weekly and followed-up with those who did not file returns on time.

Vendor compliance during Expo was virtually 100 per cent. Approximately $13 million in provincial revenue was collected from Expo's 160 registered vendors.

Development of Office Computer Systems

During 1986, the Consumer Taxation Branch developed and implemented several computer systems in its head office in Victoria and several branch offices. These systems have further enhanced service provided to the public by the Consumer Taxation Branch.

Implementation of computerized systems for handling taxpayer returns in both the boat and aircraft and fuel tax sections of the branch has decreased processing time. The new system provides information verification on all fuel tax returns. In addition, direct data input has enabled the branch to issue tax registration numbers more rapidly and to improve the quality of information in the system.

The branch continues its efforts to upgrade other computer systems to ensure more accurate and cost-effective processing of taxpayer records.

Expanded Role for Government Agents

Government agents have traditionally assisted the Consumer Taxation Branch by providing information on tax laws to people throughout the province.

During the reporting period, their role in helping the branch was expanded in several areas.

Government agents now assist in the taxpayer information and delinquency control programs. In areas where branch staff are not located, government agents provide assistance and information to new businesses about their responsibilities under tax legislation. Through the delinquency control program, government agents in many areas of the province now make the initial contact with businesses which have not filed returns on time.

This expanded role for government agents is beneficial in two respects. From the taxpayer's point of view, greater access to the programs of Consumer Taxation Branch is available through the 61 government agents in the province. From the Consumer Taxation Branch's point of view, the expanded role of government agents enables the branch to contact more vendors and to deal with potential problem areas earlier and more effectively.

Government agents have also increased the scope and nature of their duties in relation to the Real Property Taxation Branch. Government agents undertake collection activity, approve and clarify home owner grant applications and accept tax deferment applications. The role of the government agent has expanded to provide greater access for the public to personalized property taxation service and more efficient payment administration. Extensive training of government agent staff was undertaken by the Real Property Taxation Branch in 1986 through special seminars and an educational training package prepared by the branch.

The use of government agents extends the geographic administration of the Taxation (Rural Area) Act to field locations throughout the province. This serves two primary objectives of the Surveyor of Taxes: to promote access to taxation information for taxpayers and to achieve timely collection of tax revenues.

Administration and Support Services

Administration and Support Services

Administration and Support Services Division is responsible for financial, administrative, technical, personnel and computer services for staff of the Ministry of Finance and Corporate Relations.

It also provides general government services, revenue collection and disbursements and is responsible for service delivery and information programs for the public through 61 Government Agent's offices.*

Financial Services and Administration Branch

- responsible for financial administration and control in the Ministry of Finance and Corporate Relations, ministry records management, office space and ancillary services;
- assist in the development and maintenance of ministry forms and policy and procedure manuals;
- provide a methods analysis and work simplification consulting service to enhance controls and improve productivity;
- coordinate preparation and presentation of the ministry budget including briefing documents for ministry executive and Treasury Board;
- develop and/or interpret budget policies and procedures;
- maintain ministry accounting system; and,
- manage the provincial Suggestion Awards Program for government employees.

Personnel Branch

- provide services in all areas of human resources management including the development of human resource policies, programs and initiatives, organizational analysis and planning, classification analysis and evaluation, recruitment and placement services, labour relations, training and development and benefit and administrative services.

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* Responsibility for Government Agents was transferred from the Ministry of Finance and Corporate Relations to the Ministry of Provincial Secretary and Government Services in November, 1986.

Information Systems Branch

- provide information management services to all divisions of the ministry including planning, developing, enhancing and maintaining computer support systems and data processing operations; and,

- establish ministry standards for data resource management, security and computer hardware and software.

Government Agents Branch

- provide the public with a wide range of government services including local collection and disbursement of government funds as well as dissemination of information about government programs;

- serve as Registrar or Deputy Registrar of Voters, Provincial Collector or Deputy Provincial Collector, Gold Commissioner or Sub-Mining Recorder, District Registrar of Births, Deaths and Marriages, and Commissioner for Affidavits in local areas; and,

- deliver various programs and services on behalf of ministries and agencies.

Government Agent Services On Behalf Of Other Ministries And Organizations

Ministry/Agency	Program	Service Delivered
Finance and Corporate Relations	Surveyor of Taxes	- receive and administer collection of rural property taxes.
	Consumer Taxation	- deliver vendor information programs and control delinquency on late tax payments under the Hotel Room and Social Service Tax Acts.
	Courts of Revision	- establish courts for hearing appeals of rural property tax assessments.
	Mobile Home Registry	- process moves and transfers of mobile homes.
	Central Registry	- conduct lien and company searches.
	Residential Tenancy	- assist with mediation of landlord/tenant disputes.
Health	Vital Statistics	- process registrations and licences.
	Medical Services Plan	- receive payments and provide status of accounts.
Municipal Affairs	Safety Engineering	- issue electrical/gas permits.
Energy Mines and Petroleum Resources	Mineral Titles	- record and maintain claims and leases.
Environment and Parks	Fish and Wildlife	- sell and control licences and issue permits.
	Maps B.C.	- sell maps and air photos.
Transportation and Highways	Motor Vehicle Department	- process motor vehicle and drivers licences (six offices only).
Provincial Secretary and Government Services	Elections Branch	- register voters.
	Postal Services	- provide postal services.
	Government Information Services	- supply program information for the public.
	Government Personnel Services Division	- assist in staff recruitment and selection.
Attorney General	Court Services	- assist in court registry and fine collections.
Labour Relations		- serve as strike vote observer.
B.C. Ferries		- sell commuter tickets.
Expo 86		- sell passports, passes.

Activity Measures

Activity	1985	1986/87*	Comments
Forms Design	295	372	Forms design activity was constant from reporting period to reporting period. As in the previous reporting period, one full-time staff was devoted to this activity. The number of ministry forms almost doubled from 571 in September, 1985 to approximately 1,140 as a result of the government reorganization in November, 1986 (addition of Corporate Relations programs and the Securities Commission from the former Ministry of Consumer and Corporate Affairs).
Document Disposal and Records Schedule Applications Raised	282	189	The government reorganization also affected document disposal activity. One hundred and five applications were processed between December, 1986 and March 31, 1987. The number of applications for 1985 was unusually high because of the shut-down of the ministry's Victoria-area warehouse and other peripheral records storage areas. A portion of one staff member's time was used to manage document disposal.
Central Services Manual Amendments	11	15	During both the 1985 and the 1986/87 reporting periods, one full-time staff member was dedicated to the manuals functions.
Ministry Vouchers Processed	26,694	31,181	In previous fiscal years, 2.5 full-time equivalents processed vouchers. In January, 1987, the number of staff was increased to 3.
Ministry Payroll Forms Processed	6,300	10,853	Full-time equivalents increased from 3 to 4 in January, 1987.
Personnel Placements	328	432	Staffing was active due to reorganization, amalgamation and filling of vacant positions.

* Covers period from January 1, 1986 - March 31, 1987.

Activity	1985	1986/87*	Comments
Training Hours: - Management - Technical/Clerical	 4,107 4,219	 4,485 7,424	Training activity increased in computer skills, performance appraisal, stress and time management. A new workshop on preparing for job interviews was presented to 130 employees. Over 32 management and clerical staff took part in cardio-pulmonary resuscitation training sessions while 32 attended the Super Secretary seminar.
Financial Transactions: - By Government Agents - By Sub-Issuers	 557,600 901,000	 709,902 919,031	
Value of Government Agent Transactions - Agents - Sub-Issuers	 $ 106.4 million $ 121.1 million	 $ 123.5 million $ 165.5 million	
Government Agent Cheque Disbursements: - Transactions - Value	 108,100 $ 159.4 million	 131,475 $ 194.9 million	

Covers period from January 1, 1986 - March 31, 1987.

Suggestion Awards Program

The Suggestion Awards Program—established in 1980—provides opportunities and incentives for employees to contribute suggestions to improve the service, efficiency and economy of the Government of British Columbia.

Cash awards to a maximum of 10 per cent of a suggestion's savings or $10,000 are made to employees whose suggestions offer a plan or proposal to improve some aspect of provincial government operations. Certificates of recognition are also awarded.

The program is advertised among employees through flyers sent via the payroll distribution system, posters and periodic publication of winners' lists in Postings, the provincial government's job opportunities tabloid.

Since its first year of operation when 339 suggestions were submitted and $2,550 awarded, the popularity and success of the Suggestion Awards Program has increased dramatically.

The equivalent of 1.75 full-time workers administered the program during the reporting period.

The chart below provides a historical comparison.

Year	Suggestions Received	Initial Cash Awards Granted	Subsequent Cash Awards Granted	Value of Cash Awards	Savings from Suggestions
1981*	339	8	0	$ 2,550	$ 31,392
1982	273	21	0	$ 5,950	$ 134,760
1983	212	24	0	$ 10,050	$ 139,549
1984	222	21	0	$ 7,560	$ 308,180
1985	460	19	1	$ 15,800	$ 141,051
1986/87*	563*	23*	4*	$ 30,420*	$ 405,915 *
Total	**2,069**	**116**	**5**	**$72,330**	**$ 1,160,847**

* Covers period from November, 1980 when program was established to December 31, 1981. All figures are based on calendar years until 1986/87 which covers the period January 1, 1986 to March 31, 1987.

Impact of Government Reorganization

On November 6, 1986 a major government reorganization was announced.

This reorganization changed the roles, functions and responsibilities of a majority of ministries. The then Ministry of Finance both lost and gained programs or branches as it assumed a new name—the Ministry of Finance and Corporate Relations.

The Government Agents Branch, which had been part of the Ministry of Finance since it was formed, was transferred to the Ministry of Provincial Secretary and Government Services. (A more detailed description of branch functions and activities up to the reorganization is provided in another part of this report.)

The Ministry of Finance and Corporate Relations also acquired a number of programs from the Ministry of Consumer and Corporate Affairs which was dismantled as part of the reorganization. These include the Liquor Distribution Branch as well as the Corporate, Central and Mobile Home Registries, Superintendent of Financial Institutions, Corporate Investigations Branch and part of the Policy and Legislation Branch. The newly formed British Columbia Securities Commission also joined the Ministry of Finance and Corporate Relations as part of the reorganization.

Considerable time and effort was spent by staff of Administration and Support Services Division in making the transition for all affected employees as smooth and problem-free as possible.

Major tasks included the transfer of staff in and out of the ministry, the transfer of operating budgets and assets as well as integration of new branches into administration, accounting, personnel and information systems. Integration was virtually complete by the end of the reporting period.

Employee Survey Follow-up

During the reporting period, results of an employee survey completed in 1985 on the internal working environment were reviewed by ministry management. (The survey asked staff for their views on communications, managerial practices, staff development and training needs.)

The objective was to use survey results to build an environment that would be supportive and rewarding for employees while at the same time facilitate the achievement of ministry objectives.

In direct response to the issues raised, communication links between all staff levels were improved through staff meetings and attendance by guest employees at senior executive meetings.

Information about job opportunities and vacancies has been made more readily accessible. To further assist career-minded individuals, cash advances and improved tuition reimbursement benefits have been put in effect. Job rotation, secondment and cross-training are also actively encouraged to offer employees wider job enrichment and work experience.

A management training strategy has also been initiated to ensure managers and supervisors have the necessary personnel management skills to complement their technical expertise.

Technical Hardware Direction For Ministry Computer Processing

During the 1986/87 reporting period, the Ministry of Finance and Corporate Relations embarked on a project to establish a computer technical direction. Prior to initiation of this project, the ministry has employed products from many vendors in the delivery of its information processing solutions. Not all of these products were fully compatible.

The Information Systems Branch (ISB) was directed to prepare a request for vendors in the hardware and software marketplace to propose solutions. Together with representatives from ministry divisions, the ISB reviewed all proposals and selected a small number of vendors who were invited to present their solutions. Following these presentations, more in-depth evaluations were carried out.

All areas of information processing and a framework for hardware and software acquisitions for a three to five year period is being compiled as a result of this project.

Liquor Distribution Branch

Liquor Distribution Branch

The Liquor Distribution Branch (LDB) obtains its authority from the Liquor Distribution Act. The branch has the sole right to purchase liquor for resale and consumption in British Columbia.

The LDB manages the purchase, distribution and merchandising of beverage alcohol in British Columbia, acknowledging its responsibility to do so in a fair and responsible manner. Functions of each of the LDB's departments are described below.

Communications

- provide branch customers and the general public with information regarding branch policy, operations, product selection, pricing, availability and procedures;
- keep staff informed regarding the overall role of the branch, its responsibilities and operations; and,
- provide timely, consistent and appropriate information vehicles to foster a positive image with the branch's external publics.

Corporate Planning and Research

- provide comprehensive and timely policy advice and analysis to the general manager; and,
- provide planning and analytical support to branch departments.

Internal Audit

- review and appraise the adequacy and application of accounting, financial, data processing and operational controls and procedures; and,
- assess the extent of compliance with central agency and branch policies, procedures, legislation and agreements by external entities including domestic suppliers, beer and wine stores, agency and duty-free stores.

Distribution

- provide satisfactory service levels to B.C. Liquor Stores; and,
- use distribution facilities, equipment and systems effectively to provide maximum contribution to revenue as well as a high standard of product availability.

Finance

- prepare branch budget;
- maintain appropriate financial information, control and reporting systems; and,
- administer branch pricing policy.

Personnel

- determine and meet staffing and training requirements;
- address various occupational health and safety issues; and,
- assist in branch-wide efforts to improve and maintain good employee and labour relations.

Purchasing

- provide the branch with purchases from reliable suppliers based on price, service, quality and customer satisfaction;
- ensure adequate supply of liquor products in distribution facilities;
- provide detailed liquor product information to branch staff and the public;
- ensure product quality and safety; and,
- provide beverage alcohol suppliers access to the marketplace in a fair and responsible manner.

Store Operations

- provide modern, well-located, convenient and functional B.C. Liquor Store facilities throughout the province;
- ensure that product selection and level of service in B.C. Liquor Stores and rural agency stores meet customer needs;
- ensure that financial and manpower resources are managed efficiently in the store system; and,
- present a progressive and responsible image to further develop customer confidence in the LDB as an efficient retailer.

Systems and Data Processing

- plan, develop, implement and maintain computerized information systems which will reduce expense, improve productivity, increase net revenue and assist other branch departments to achieve their goals.

Security Services

- provide security services for the protection of branch employees and assets;
- develop and maintain branch security policies and procedures; and,
- provide employees with security training as appropriate.

Activity Measures

Activity	1985/86*	1986/87*
Net Income	$397,092,787	$425,333,886
Total Assets	$61,193,695	$71,688,857
Employees		
Regular	1,779	1,727
Auxiliary	1,413	1,448
Total	**3,192**	**3,175**
Stores		
B.C. Liquor Stores	215	215
Rural Agency Stores	102	119
Estate Winery Stores	11	20
Commercial Winery Stores	7	18
Brewery Stores	6	5
Distillery Stores	0	1
Total	**341**	**378**
Listings		
General - Import	607	591
- Domestic	909	769
Total	**1,516**	**1,360**
Specialty - Imported	697	890
- Domestic	117	129
Total	**814**	**1,019**
Total Listings	**2,330**	**2,379**

Statement of Income for Fiscal Year 1986/87	1985/86*	1986/87*
Sales (note 2)	$936,608,588	$964,427,193
Cost of merchandise sold	497,377,024	508,269,514
	439,231,564	456,157,679
Provincial Malt Levy (note 2)	62,566,293	81,569,003
	501,797,857	537,726,682
Operating Expenses	106,842,589	115,328,037
	394,955,268	422,398,645
	2,137,519	2,935,241
	$397,092,787	**$425,333,886**

* All figures based on fiscal years, April 1 to March 31.

Statement of Changes in Province of British Columbia Advance for the fiscal year ended March 31, 1987

Activity	1985/86	1986/87
Balance at beginning of year	$ 26,425,361	$ 17,491,520
Net income	397,092,787	425,333,886
Cash payments to Provincial Treasury	(406,026,628)	(414,587,092)
Balance at End of Year	**$ 17,491,520**	**$ 28,238,314**

Note 1: The accounts of the LDB have been examined by the Auditor General as part of the audit of the government's combined financial statements.

Note 2: Sales

The branch is responsible for sales of liquor in the province. The majority of liquor is sold by the branch itself; however, the branch has authorized manufacturers in certain situations to sell directly to licensees and consumers.

	1986/87	1985/86
Total branch sales	$964,427,193	$936,608,588
Less non-alcoholic products	653,521	686,072
	$963,773,672	**$935,922,516**
Other authorized sales not included in these financial statements:		
Direct deliveries to licensees by brewers' agent	197,815,762	168,171,655
Direct deliveries to licensee retail stores by brewers' agent	20,432,422	2,678,613
Direct deliveries to agency stores by brewers' agent	5,305,320	-
Brew pubs	279,977	299,933
Commercial wineries	655,782	368,119
	224,489,263	171,518,320
Total Sales of Liquor in the Province	**$1,188,262,935**	**$1,107,440,836**

The branch has authorized the brewers' agent to sell directly to licensees, licensee retail stores and agency stores. The branch has also authorized brew pubs to manufacture and sell directly to the public. The provincial malt levy reported on the income statement represents the margin on these sales.

The branch has agreements with commercial wineries which allow them to sell directly to the public. Sales by these commercial wineries as reported above will decrease as they enter into consignment agency contracts with the branch. This will result in the inclusion of the commercial winery sales in the sales of the branch.

Total sales of liquor in the province do not include subsequent resale by licensed establishments.

Note 3: Full details of statements on the branch's operations including notes to the financial statements may be found in the 66th annual report of the Liquor Distribution Branch for the year ended March 31, 1987.

Programs and Initiatives

Since full details of activities of the Liquor Distribution Branch (LDB) are included in its annual report, only highlights are provided below.

One new liquor store opened at Mill Bay and one liquor store closed in Prince George. Eleven replacement liquor stores were opened throughout the province, while major and minor renovations were completed in 45 stores.

Successful merchandising programs were expanded, highlighted by 14 stores now operating on a centrally controlled shelf space management system. The primary objective is to improve customer convenience.

Nineteen new rural agency stores were established; two were closed, bringing the total to 119.

B.C. Wineries showed considerable interest in a program, introduced in 1985, which allows winery stores to be established away from the winery site. Nine estate winery stores opened while two closed; nine commerical winery stores opened while one closed.

As well, on-site activity included the opening of two estate winery stores, one distillery store and one brewery store. Two on-site brewery stores closed during the year.

The Premier of British Columbia, the Honourable William N. Vander Zalm, initiated a review of powers, policies and procedures under the Liquor Distribution Act and the Liquor Control and Licensing Act. A discussion paper to provide background information on existing legislation and policies and the question of privatization of the Liquor Distribution Branch was prepared to guide discussion during public meetings held throughout the province.

On March 3, 1987, a temporary freeze applied to all agency store and licensee retail store appointments pending completion of the liquor policy review.

The development of the LDB's main external sales information report, the Quarterly Market Review, was completed and well received by the industry and public.

The branch supported community events and its product suppliers by publicizing and participating in events such as the Vancouver Wine Festival, the Okanagan Wine Festival and Food Pacific '86.

The first wine auction in Canada took place in Vancouver in September, 1986 and was organized by the Vancouver Museum and Planetarium with assistance from the branch. The event included the first release world-wide of the 1984 vintage wine of Chateau Mouton-Rothschild as well as the first public unveiling of the wine label for this vintage by Baroness Philippine de Rothschild and artist Yaacov Agam. One bottle of 1886 vintage Mouton-Rothschild wine generated $3,950 for the museum at the auction.

In the 1986/87 fiscal year, 8.375 million cases of spirits, wines, ciders, coolers and imported beers were distributed to 215 B.C. liquor stores by the distribution department.

Purchasing Commission

Purchasing Commission

The Purchasing Commission is the central procurement agency for the Government of British Columbia. It is responsible to the Legislative Assembly under the Purchasing Commission Act.

The Purchasing Commission provides materiel management services to ministries and to the B.C. Buildings and B.C. Ferry Corporations. Services provided include procurement, warehousing, technical services and Crown assets disposal.

Office of the Public Sector Purchasing Policy

- develop, coordinate and implement purchasing policy* in cooperation with government ministries, Crown corporations and public bodies.

Procurement Branch

- assist ministries in planning their materiel requirements, negotiating acquisition of materiel and monitoring vendor performance.

Materiel Administration Branch

- supply ministries and Crown corporations with commodities obtained through bulk/volume buys or on emergency basis as required;
- reassign surplus materiel within government to reduce the need to purchase new supplies and equipment;
- dispose of materiel no longer required at fair market value; and,
- establish product standards for government, provide service contract administration, technical audits and product evaluations.

Management Services Branch

- provide financial and administrative support services to staff of the Purchasing Commission.

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* The objective of this policy is to use the purchasing power of the provincial public sector to promote economic development and job creation within British Columbia.

Activity Measures

Activity	1985/86*	1986/87*	Comments
Public Sector Purchasing Policy			
- Marketing and Information Activities	55	57	Number of full-time equivalents increased from 3.5 in fiscal year 1985/86 to 9.7 in fiscal year 1986/87.
- Supplier Contacts through Trade Shows	-	707	
- Business Opportunities Identified	-	71	
- Jobs Created:			
Actual	-	137	
Potential	-	110	
- New Public Buyers on SupplyNet	-	46	
- Vendors on SupplyNet	-	47,756	
Procurement			
- Invitations to Quote	52,166	50,041	Number of full-time equivalents was 43.5 in 1985/86 and 43 in 1986/87 fiscal years.
- Purchase Orders Issued (excludes delegated purchasing, e.g., local minor and emergency purchase orders and Queen's Printer requisitions)	17,117	17,119	
- Value of Purchase Orders	$ 283 million	$ 265 million	
- Value of Delegated Purchasing	-	$ 128 million	
- Negotiated Savings Compared to Operational Costs	-	1,215 %	$15.8 million
- Negotiated Savings as Percentage of Purchase Value	.4 %	7.2%	
- Number of Master Standing Offers Available to Public Sector	-	89	
Materiel Administration			
- Wholesale Warehousing: • Requisitions Filled	2,152	2,094	Number of full-time equivalents in materiel administration was 34.5 in 1985/86 and 42 in 1986/87 fiscal years.
- Crown Asset Disposal (gross sales)	$ 3.2 million	$ 3.5 million	
- Estimated Cost Avoidance:			
• Surplus Redistribution	$ 1.2 million	$ 758,000	
• Technical Services	$ 564,240	$ 825,910	

* Represents April 1, 1985 to March 31, 1986 and April 1, 1986 to March 31, 1987.

Public Sector Purchasing Policy

The policy enables the Government of British Columbia to use the purchasing power of the provincial public sector as a lever for economic growth.

The aims of the policy are:

- to encourage expansion of provincial, Canadian and international business operations in British Columbia;
- to foster new, job-creating enterprises throughout the province;
- to promote growth and stability for local regional suppliers in British Columbia; and,
- to achieve purchasing economies to reduce the cost of government.

Under the auspices of the Public Sector Purchasing Policy—first implemented on April 1, 1985—a number of initiatives were undertaken during the reporting year.

Supplier Development and Business Opportunities:

Supplier development officers were assigned to five regions in British Columbia to identify, promote and implement business opportunities by working with local and regional public bodies, suppliers and business associations.

Seventy-one business opportunities were identified and initiated directly or through others. For example, as a result of a cooperative initiative with the Ministry of Health, Travenol Canada Ltd . has agreed to establish a plant in British Columbia to manufacture medical supplies. Employment potential is 100 jobs.

Wang Canada Limited has invested $1.4 million and created 22 new jobs in Victoria as a result of an agreement signed in June, 1986. Total investment of $ 21 million over the next five years is expected as the company establishes a world-scale computer research and development centre and a software marketing centre for British Columbia. More than 100 permanent jobs will be created as a direct result of the two projects. An estimated 200 to 300 indirect jobs are also expected to be created.

Pollard Banknote (B.C.) signed a $ 6.7 million a year contract to print tickets for the B.C. Lottery Corporation. The company completed a $1 million conversion of a vacant Kamloops-area warehouse into a security printing plant. Seventy-five jobs for Kamloops workers resulted from this repatriation of lottery ticket printing to British Columbia.

SupplyNet

In September, 1985, British Columbia's computerized information system—SupplyNet—was launched.

The system—which is being implemented province-wide following a successful pilot phase—gives immediate access to a broad range of information about suppliers to the public buyer.

Individuals and firms doing business with, or wishing to do business with, publicly funded organizations such as municipalities, colleges, universities, school boards and districts, hospitals, ministries and Crown corporations can be included in SupplyNet.

As a system which helps buyers find a source for the product or service they need, SupplyNet's purpose is to guarantee greater exposure of the goods and services available within the province's business community.

As at the end of the reporting period, 46 public bodies were using SupplyNet. Approximately 47,756 vendors were listed on the system.

Cooperative Purchasing

As a result of working with cooperative purchasing groups in Kamloops, Vancouver, Victoria and Prince George, guidelines are being developed with a focus on sourcing local/ regional products.

A working relationship has been established between Supply and Services Canada and the Purchasing Commission since the signing of the memorandum of understanding in 1985. Initiatives are in process to find greater opportunities for British Columbia firms to supply goods and services to federal departments.

Comprehensive Audit of Government Purchasing

Approximately $ 375 million is spent by government ministries annually in purchasing goods and services needed to operate and administer government and government programs.

A comprehensive audit of government purchasing was conducted by the Auditor General of British Columbia during the reporting period.

The audit involved a review of procurement practices of provincial ministries to determine whether policies and procedures are achieving the best value.

The Auditor General's report concluded current policies and procedures in government provide "reasonable assurance that the best overall value is obtained for most purchases."

The report further noted the significant improvements made by the Purchasing Commission to achieve greater value for government procurement policy emphasizing open competitive bidding for optimum cost efficiency and to gain the highest level of added economic value from each purchase award.

With introduction of more cost effective procurement methods, the Purchasing Commission continues to work to increasingly stress value-added factors in the procurement process.

The Auditor General's report also suggested improving management of the warehouse and creating greater flexibility in the decision-making process affecting the choice of acquisition should be given added attention.

The recommendations stemming from this review now form an integral part of the Purchasing Commission's future operational plans.

Securities Commission

Securities Commission

The British Columbia Securities Commission is a statutory body reporting to the Minister of Finance and Corporate Relations.

As such, it is responsible for:

- promoting the growth and development of British Columbia's securities industry consistent with the government's trade and economic objectives;

- participating with other provincial securities administrators in the development of uniform securities policies;

- protecting investors from fraud, misconduct or manipulation in the securities market;

- ensuring investors have timely and reliable information to help them make informed investment decisions; and,

- ensuring that shares listed on the Vancouver Stock Exchange are freely traded in an orderly fashion.

Chairman

- manage the Commission's quasi-judicial, policy-making and administrative functions and act in an advisory capacity to the Minister of Finance and Corporate Relations on securities legislation and related matters.

Superintendent of Brokers

- review financing documents for full disclosure and suitability of the security for public investment, register all industry participants to ensure required level of competence and financial stability, determine which issuers may raise capital through an offering of securities and which persons may trade in securities or act as underwriters or advisors in British Columbia;

- develop and recommend new securities policies, regulations and legislation.

Filings

- vet prospectuses and other disclosure documents to ensure they take into account the various laws, policies and notices of the Securities Commission and meet the test of full, true and plain disclosure;

- recommend to the Superintendent the issuing of receipts for prospectuses, statements of material facts and rights offerings;

- request and issue orders to exempt issuers, insiders and salespeople from particular filing and distribution requirements;

- ensure each reporting company files continuous, up-to-date and accurate reports of its operations, including:

  - audited annual and unaudited interim financial statements;

  - quarterly reports (required from development companies listed on the Vancouver Stock Exchange);

  - insider trading reports;

  - information circulars and other material distributed to shareholders; and,

  - reports of material changes in affairs.

Registration and Records

- process all applications for granting, renewal, reinstatement or amendment of registration of firms and individuals engaged in the sale of securities under the Securities, Commodity Contract and Investment Contract Acts;

- provide registration services for Corporate Relations under the Real Estate Act, Insurance Act and Mortgage Brokers Act; and,

- maintain all paper and electronic filing and distribution systems.

Support Services

- provide financial, administrative, personnel, stenographic and facilities management services to the Commission.

Activity Measures

Activity	1985/86	1986/87	Comment
Registrations/licences issued*			
- Securities Act	2,544	1,902	During 1985/86, the Superintendent of Brokers' office operated with 58 full-time equivalents. The Securities Commission was established in July, 1986. The superintendent's office was amalgamated with the commission in February, 1987. The Securities Commission/Superintendent of Brokers' office operated with 60 full-time equivalents during 1986/87.
- Commodity Contract Act	238	96**	
- Investment Contract Act	1	3	
- Real Estate Contract Act	10,223	3,192	
- Insurance Act	9,611	4,259**	
- Mortgage Brokers Act	366	172**	
Registrations/licences (as at March 31)*			
- Securities Act	3,621	4,286	
- Commodity Contract Act	238	332	
- Investment Contract Act	3	3	
- Real Estate Act	11,447	12,375	
- Insurance Act	9,173	10,512	
- Mortgage Brokers Act	505	477	
Suspensions/cancellations*			
- Securities Act	3	0	
- Commodity Contract Act	0	0	
- Investment Contract Act	0	0	
- Real Estate Act	15	13	
- Insurance Act	4	7***	
- Mortgage Brokers Act	0	0	
Vettings and Filings			
- Prospectuses accepted	540	745	
- Statements of Material Facts accepted	205	195	
Rulings and Orders			
- Securities Act	2,529	3,314	
Hearings			
- Before the Superintendent or Deputy Superintendent	15	10	

* The Superintendent of Broker's office processes all applications for registration of firms and individuals engaged in the sale of securities under the Securities, Commodity Contract and Investment Contract Acts. The office provides a registration and maintenance service for Corporate Relations under the Insurance and Mortgage Brokers Acts and provides financial and accounting services to Corporate Relations under the Real Estate Act.

** Decreases attributable to change in renewal period from one year to two years in 1983.

*** In addition to the 13 suspensions issued by the deputy superintendent of real estate, nine suspensions were issued by the Real Estate Council from September, 1986 to March, 1987. Disciplinary functions of the deputy superintendent under the Real Estate Act were delegated to the council in September, 1986.

Programs and Initiatives

New Securities Act

Implementation of the new Securities Act in February, 1987 introduced a modern and more flexible framework for regulation of the securities industry and securities markets in British Columbia.

The objective of the act is to promote a well-informed capital market where shares are freely traded in an orderly fashion, investors have current and accurate information for investment decisions and issuers are provided precise and consistent guidelines for satisfying disclosure requirements.

The new act provides improved efficiency and responsiveness to changing conditions and financing methods in securities markets, increased protection for investors and better uniformity among Canadian regulatory administrators.

Improved Efficiency and Responsiveness

Rapid changes in methods of conducting commercial transactions demand that regulators be provided with sufficient authority to respond quickly and flexibly to changing market conditions and to increasingly sophisticated financial products. Under the new Securities Act, the British Columbia Securities Commission was created in July, 1986 with the necessary discretionary powers to provide timely and effective responses to developments in British Columbia's securities industry and markets.

Although the framework for regulating securities is established in the Securities Act and regulations, the Commission is empowered to vary specific provisions through exemptions and orders and to exercise considerable discretion in interpreting statutory duties and requirements. This latitude allows the Commission to respond quickly to circumstances arising in complex capital markets.

Increased Protection for Investors

A basic principle of the new act is that if securities are publicly traded, then accurate information must be continually available to market participants. Investor protection has been improved through new public reporting requirements.

Traditionally, a prospectus is the standard method of providing information to the public about an issuer's securities. Through the prospectus, the issuing company satisfies the regulatory agency that it has met legislative standards in the disclosure of information on the initial distribution and sale of specific securities. While the new Securities Act retains the emphasis on

prospectus disclosure where securities are being issued to the public for the first time, it also requires continuous disclosure of affairs of issuers of securities in which there is an active secondary public market.

This is accomplished by the introduction of the concept of a "closed system" for issuing and reselling of securities. The closed system means every trade in its own securities by an issuer—and every sale of securities by a person who controls the issuer of those securities—requires the filing of a prospectus unless a statutory exemption from the mandatory prospectus requirement is available. As long as securities traded are through statutory exemptions, they remain "inside" the closed system. However, the first time these securities are traded to the general investing public , a prospectus is required unless the issuer of the securities is a "reporting issuer" in compliance with timely and continuous disclosure requirements of the new act and the securities have been held inside the closed system for specified periods of time ranging from six to 18 months.

Uniformity

The current framework of securities regulation in Canada consists of a network of provincial and federal statutes, regulatory agencies and national and local self-regulatory organizations.

The new act provides regulatory measures which are consistent with securities regulation in most jurisdictions. Uniformity promotes efficient flow of capital into and out of British Columbia and provides greater confidence and certainty among issuers who wish to raise capital in Canadian markets.

Appendices

Statutes Administered

Statutes administered by the Ministry of Finance and Corporate Relations

ACT	DIVISION
• Assessment Act	Treasury Board Staff
• Assessment Authority Act	Administration and Support Services
• Auditor General Act	Deputy Minister
• Bonding Act	Provincial Treasury
• Book Accounts Assignment Act	Corporate Relations
• British Columbia Electric Company Limited Acquisition Act	Provincial Treasury
• British Columbia Payment to Canada of Federal Income Tax on Behalf of Natural Gas Producers Act	Revenue
• British Columbia Railway Finance Act	Provincial Treasury
• Chattel Mortgage Act	Corporate Relations
• Commercial Appeals Commission Act	Corporate Relations
• Commodity Contract Act	Corporate Relations
• Company Act, except s. 348	Corporate Relations
• Company Clauses Act	Corporate Relations
• Compensation Stabilization Act	Treasury Board Staff
• Condominium Act, except all matters affecting the powers and duties of the Registrar of Titles	Corporate Relations
• Cooperative Association Act	Corporate Relations
• Corporation Capital Tax Act	Revenue
• Credit Union Act	Corporate Relations
• Creditor Assistance Act	Corporate Relations
• Critical Industries Act	Treasury Board Staff
• Deficit Repayment Act	Provincial Treasury
• Education Excellence Appropriation Act	Treasury Board Staff
• Educational Institution Capital Finance Act	Provincial Treasury
• Employment Development Act	Treasury Board Staff
• Equity Investment Plan Act	Revenue
• Esquimalt and Nanaimo Railway Belt Tax Act	Revenue
• Financial Administration Act	Office of the Comptroller General
• Financial Information Act	Office of the Comptroller General
• Funds Control Act	Treasury Board Staff
• Health Improvement Appropriation Act	Treasury Board Staff
• Horse Racing Tax Act	Revenue
• Hospital District Finance Act	Provincial Treasury
• Hotel Room Tax Act	Revenue
• Housing and Employment Development Financing Act	Provincial Treasury
• Income Tax Act	Revenue

• Industrial Development Fund Act	Treasury Board Staff
• Inflation Control Act	Treasury Board Staff
• Insurance Act	Corporate Relations
• Insurance (Marine) Act	Corporate Relations
• Insurance Premium Tax Act	Revenue
• Investment Contract Act	Corporate Relations
• Land Tax Deferment Act	Revenue
• Liquor Distribution Act	Liquor Distribution Branch
• Logging Tax Act	Revenue
• Mining Tax Act	Revenue
• Mobile Home Act	Corporate Relations
• Mortgage Brokers Act	Corporate Relations
• Motor Fuel Tax Act	Revenue
• Mutual Fire Insurance Companies Act	Corporate Relations
• Pacific North Coast Native Cooperative Act	Provincial Treasury
• Partnership Act	Corporate Relations
• Provincial Debt Refinancing Act	Provincial Treasury
• Provincial Municipal Partnership (Taxation Measures) Act	Treasury Board Staff
• Public Service Bonding Act	Provincial Treasury
• Purchasing Commission Act	Purchasing Commission
• Rate Increase Restraint Act	Treasury Board Staff
• Real Estate Act	Corporate Relations
• Repairers Lien Act	Corporate Relations
• Resource Revenue Stabilization Fund Act	Treasury Board Staff
• Sale of Goods on Condition Act	Corporate Relations
• Savings and Loan Associations Act	Corporate Relations
• Savings and Trust Corporation of British Columbia Act	Corporate Relations
• School District Capital Finance Act	Provincial Treasury
• Securities Act, except s. 142	Corporate Relations
• Securities (Forged Transfer) Act	Corporate Relations
• Social Service Tax Act	Revenue
• Society Act	Corporate Relations
• Special Appropriations Act	Treasury Board Staff
• Supply Act (Annual)	Office of the Comptroller General
• System Act	Deputy Minister
• Taxation (Rural Area) Act	Revenue
• Tobacco Tax Act	Revenue
• Trust Company Act	Corporate Relations
• Unclaimed Money Act	Provincial Treasury
• Vancouver Stock Exchange Act	Corporate Relations
• Warehouse Lien Act	Corporate Relations
• Warehouse Receipt Act	Corporate Relations
• Woodworker's Lien Act	Corporate Relations

Ministry Publications

Communications Branch (387-1557) coordinates or assists in production and distribution of most ministry publications. The following is a list of those in circulation as at March 31, 1987.

Annual Publications

- Budget Speech
- Estimates
- Supplement to the Estimates
- Financial and Economic Review
- Quarterly Financial Reports
- Interim Financial Statement
- Public Accounts, Volume I, II, III
- Response to the Report of the Auditor General
- Annual Report of the Liquor Distribution Branch*

Information Brochures

- Treasury Management Brochure
- Real Property Taxation in Rural Areas of B.C.
- We Want You On Our Shopping List
- Information Bulletins (Consumer Taxation Branch)
- SupplyNet Brochure**
- Public Purchasing News**
- Appealing your Property Assessment
- The Land Tax Deferment Program and You

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* Available from the Liquor Distribution Branch.

** Available from the Purchasing Commission.